

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 EB-07 INT-05 CIAE-00 INR-07 NSAE-00

COME-00 GSA-01 L-03 /030 W
----- 080582

R 061435Z JUN 75

FM AMCONSUL LOURENCO MARQUES

TO SECSTATE WASHDC 3563

INFO AMCONSUL CAPE TOWN

AMCONSUL JOHANNESBURG

AMEMBASSY PRETORIA

LIMITED OFFICIAL USE LOURENCO MARQUES 597

E.O. 11652: N/A

TAGS: ELTN, ETRD, SF, MZ

SUBJECT: LOURENCO MARQUES AND US CHROME ORE SUPPLY

REF: STATE 129115

1. P.J. BOTES, SOUTH AFRICAN RAILWAYS REPRESENTATIVE IN LOURENCO MARQUES, PROVIDED US FOLLOWING INFORMATION ON CHROME ORE SUPPLY SITUATION THROUGH LOURENCO MARQUES ON STRICTLY CONFIDENTIAL BASIS:

A) AVERAGE LENGTH OF WAIT FOR ORE: DEPENDS ON SHIP. IF CARGO IS ON HAND AT MATOLA, SHIP IS LOADED WITHOUT DELAY. IF CARGO INCOMPLETE OR NOT ON HAND, WAIT CAN BE LENGTHY. OF 22 VESSELS CURRENTLY WAITING FOR CHROME IN LOURENCO MARQUES, 1 HAS BEEN IN PORT SINCE FEBRUARY, 5 SINCE MARCH, 6 SINCE APRIL, AND REMAINDER SINCE MAY-JUNE. ALTOGETHER THESE VESSELS REQUIRE 212,000 TONS OF CHROME, OF WHICH ONLY 102,000 TONS IS ON STOCKPILE IN LOURENCO MARQUES.

B) CURRENT 70/30 AGREEMENT (70 PERCENT FOR SHIPS WAITING IN QUEUE IN LM AND 30 PERCENT FOR STOCKPILES) WILL REMAIN IN FORCE UNTIL JUNE 30. AFTER THAT DATE, EXPORTERS-IMPORTERS HAVE AGREED TO REVERT BACK TO PREVIOUS OPERATING SYSTEM, IN LIMITED OFFICIAL USE

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WHICH SHIPS WOULD ONLY BE SENT TO PICK UP CHROME IN LOURENCO

MARQUES WHEN CHROME CARGO ACTUALLY ON HAND.

C) AID BY SAR TO CFM: 6 LOCOMOTIVES; TRAINING FOR IMPLEMENTATION OF OPERATIONAL "TOKEN" SYSTEM (PROVIDES FULL SAFETY); REPAIR OF SPECIAL MAGNETITE CARS; ASSISTANCE IN MAINTENANCE OF LINES; SUPPLY OF PARTS.

D) CURRENT RAILROAD OPERATING LEVEL: RAILROAD CURRENTLY CARRYING AVERAGE OF ABOUT 25,000 TONS/DAY OF CARGO FROM KOMATIPOORT TO LM AND ABOUT 13,000 TONS/DAY IN OTHER DIRECTION (TWO-WAY TONNAGE HIGHER THAN IN 1973). WITH IMPROVEMENTS INDICATED IN (C), SAR AND CFM HOPE TO BRING AVERAGE ON EXPORT SIDE TO ABOUT 30,000 TONS/DAY. FIGURE CITED BY FINANCIAL MAIL FOR MAY 1 PROBABLY CORRECT.

E) CURRENT LEVEL OF CHROME EXPORTS: 120,000-150,000 TONS PER MONTH: IN OPINION OF SAR, PROBLEM IS NOT BACKLOG OF CHROME AWAITING EXPORT BUT RATHER OVERSUPPLY OF SHIPS COMING TO PORT, WITHOUT HAVING CARGO THERE, IN HOPE OF GAINING ADVANTAGE (AS THEY HAVE UNDER 70/30 AGREEMENT). ONE AMERICAN CHROME IMPORTER VISITING LM RECENTLY AGREES (SEE REED/CHRISTENSEN LETTER OF MAY 30).

F) ASSESTS OF INDEPENDENCE ON OPERATIONS: NONE. BOTES DISCOUNTED RECENT REPORT THAT 75 LOCOMOTIVES DRIVERS ARE LEAVING FOR PORTUGAL SOON AND RAILROADS WOULD BE PARALYZED. IN FACT, BOTES STATES THERE ARE NOW MORE LOCOMOTIVES DRIVERS THAN PRIOR COUP IN APRIL 1974. PROBLEM IS INSUFFICIENT LOCOMOTIVES.

2. COMMENT: BOTES GAVE IMPRESSION BOTH SAR AND CFM DOING ALL POSSIBLE TO MEET REQUIREMENTS OF US CHROME IMPORTERS. WE ALSO BELIEVE 70/30 AGREEMENT WILL TERMINATE JUNE 30 AND SUBSEQUENTLY AMERICAN IMPORTERS WILL GAIN NO ADVANTAGE BY SENDING SHIPS TO LM BEFORE THEIR CHROME CARGO IS ACTUALLY THERE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CARGO, CHROMIUM, PORT CONJESTION, STOCKPILES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LOUREN00597
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750199-0244
From: LOURENCO MARQUES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750674/aaaacpqu.tel
Line Count: 96
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 129115
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 27 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 AUG 2003 by BoyleJA>; APPROVED <15 DEC 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LOURENCO MARQUES AND US CHROME ORE SUPPLY
TAGS: ELTN, ETRD, SF, MZ, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006